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# Investors fear that new UK restrictions become global roadmap

♦ **UK Prime Minister Boris Johnson announces that hospitality venues will be required to close by 10pm and masks will be legally required.**

♦ **Government asks people to try and work from home if possible as the infection rate increases.**

♦ **Investors fret that the reinstatement of some of the restrictions in the UK will become the norm, with cases in New York ticking up last week.**

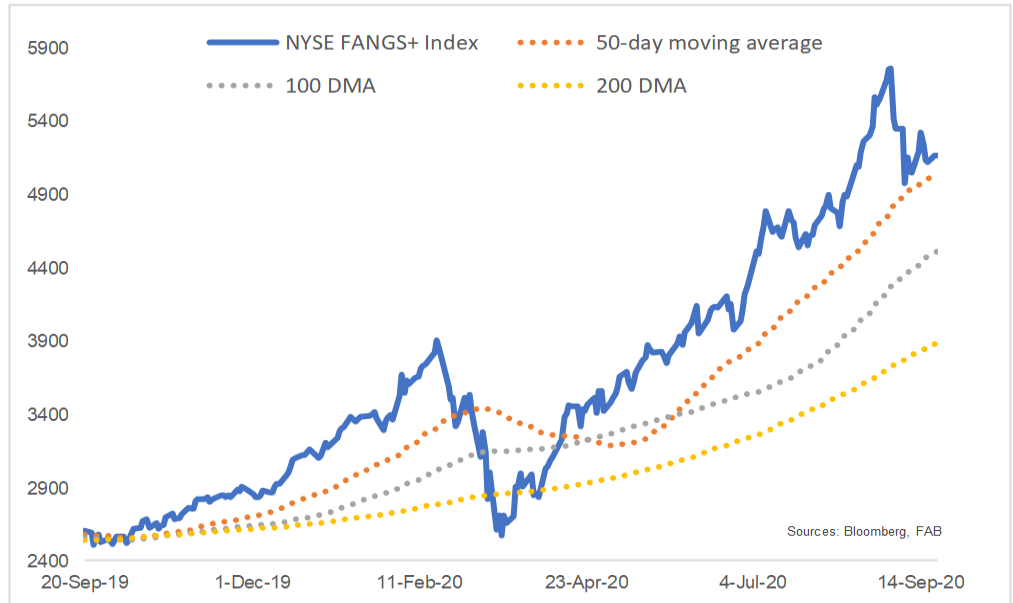
♦ **The start of fall in the northern hemisphere could also lead to an increase in the number of cases.**

♦ **The FAB AAC remains underweight equities and overweight gold, though less so than in the second quarter.**

Today marks the autumn equinox, officially the end of summer and the beginning of fall, and of cooler weather in the northern hemisphere. In normal times, kids are back in school and people in the colder countries start to winter-proof houses.

This year, many kids are not back in school, at least not physically, and besides the prospect of snow in a couple of months, the colder weather brings the possibility of an increase in the number of coronavirus cases. And, with them, the reinstatement of some restrictions.

With the end of summer, investors seem to be starting to cope with that idea and the UK offered a reminder of how things could unfold. Today, Prime Minister Boris Johnson announced the reinstatement of some restrictions, such as curfew times for hospitality venues and legal enforcement of using masks, among others.



The move came after the infection rate increased in the UK to the point that the number of cases is doubling every week and could hit 50,000 new cases a day by mid-October, according to the country's Chief Scientific Adviser Patrick Vallance.

The virus resurgence has been mostly blamed on both more testing and more freedom, particularly for younger people. And now, given the infection pattern — which seems to accelerate in colder environments —, the onset of winter could bring a rise in cases across the developed world. This could be followed by restrictions which could deal a second blow to weakened economies.

The travel and leisure sector seems poised to be the worst impacted. Many venues were likely hoping for the year-end corporate activity to make up for some of the revenue lost earlier in the year. But with large gatherings probably out of question, company year-end parties seem like a distant dream right now.

## The most celebrated US tech stocks have held to an uptrend despite the recent drop

Meanwhile, the companies that enable people to stay put and work from home would have further confirmation of their value and an additional tailwind.

It is perilous to extrapolate one day of trading into a broader narrative, but the market action so far this week seems to reflect that reality. Yesterday, the NYSE FANGS+ index of mostly tech stocks was up 0.79%, while the Dow Jones Industrial Average was down 1.84%. The S&P 500 Hotels, Resorts and Cruise Lines subindex was down 6.23%.

As fall and the fourth quarter kick in, investors need to be aware of what the weather will bring, and how that could impact stock markets. Staying inside was never this important.

# Investment Strategy Update

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